



CALPEEK

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P.O. BOX 1468, BEVERLY HILLS, CA 90213 (310)659-0205 FAX(310)657-4340
Dick Rosengarten, Publisher E-Mail calpeek@aol.com

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CAMPAIGN 2004: CANDIDATES ARE BEGINNING TO LINE UP FOR U.S. HOUSE AND LEGISLATIVE SEATS.

Editor's note: It's just five weeks into the New Year and already candidates are beginning to line-up for U.S. House and CA Legislative races. Here is Part I of a multi-part series of updates about these races...

...What's driving this early jockeying for position is *term limits* and the early March 2004 Calif. primary. And these primaries, both GOP and Demo, promise to be no holds barred affairs - lots of blood on the floor...

U.S. House Races

...Because there are at least 3-4 GOP U.S. House members who are exploring a possible run against Demo U.S. Senator Barbara Boxer(D) in 2004, a number of potential candidates are lining up. These CDs have a heavy GOP voter registration edge, so Demos wouldn't have much of a shot...

☒ **3rd CD** - This is GOP U.S. Rep. Doug Ose's Sacto area district. Said to be looking seriously are State Sen. Rico Oller of Roseville; popular Sacto Co. Sheriff Lou Blanas; and perhaps GOP Assembly Leader Dave Cox, also from Sacto. Before former Demo Congressman Vic Fazio gave up this seat, Cox had considered a possible run. There's also another theory floating around about Cox: he might sit out the race and then run for Oller's seat, should Oller defeat Blanas in the GOP primary...

☒ **19th CD** - This is GOP U.S. Rep. George Radanovich's Central Valley CD (Fresno area). Sources say that politically ambitious Fresno Mayor Alan Autry would definitely be interested in running. Two other names have surfaced: Assemblyman Dave Cogdill and new Fresno Assemblyman Steve Samuelian, who used to be Radanovich's deputy. And although he might be considered a favorite, sources say State Sen. Chuck Poochigian of Fresno isn't interested in the 19th CD...

☒ **49th CD** - This is GOP U.S. Rep. Darrell Issa's

Northern San Diego Co. district. Sources say Issa is about 70% committed to running in 2004. An Issa announcement is about 6 weeks away. Those said to be looking seriously at the 49th CD on the GOP side include State Sen. Bill Morrow (he ran against Issa once before); Assemblyman Ray Haynes; new Ocean-side Councilman Rocky Chavez (retired USMC officer); San Diego Co. Sup. Bill Horn; and perhaps any one of these three: GOP State Sen. Dennis Hollingsworth (36th SD); Mark Wyland(74th AD) or George Plescia (75th AD). More next week. Stay tuned...

BUDGET WARS: BOND INSURERS AREN'T HAPPY WITH PLAN TO CUT VLF BACKFILL TO LOCAL GOVT.

Editor's note: When former CA Dept. of Finance Director Tim Gage finished putting the final touches to this first 2003-04 budget + the budget cuts necessary to balance the books for the remainder of 2003, he probably wasn't thinking of the total impact of cutting \$4 billion in backfill revenues given to local government from the VLF(vehicle license fee). The overall budget story is huge and it changes every 24 hours. Here's our update & analysis...

...As noted in last week's issue, plugging a \$26-35 billion budget deficit won't be easy for Calif. Gov. Gray Davis(D) and the Demo controlled State Legislature. Davis has outlined a series of massive cuts to balance the books. One of the cuts is aimed at local government: to eliminate the VLF backfill to the tune of \$4 billion per year. Davis' new DOF Director Steve Peace called the VLF backfill "crack cocaine" for the locals. That may be true, but without it the locals will go into massive financial withdrawal...

...As we've noted numerous times, originally cars were taxed as personal property, with the money collected locally. Now the State collects the fee and then returns most of the funds to local govt. About 60% of the VLF backfill goes to support public safety programs at the city/county level...

...But that's only part of where the backfill goes. For example, in Orange Co. the VLF backfill revenues pay off the county's bankruptcy bonds. In fact, VLF backfill helps

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to pay off tons of bonds. How much? There's \$31 billion in local debt on the books. In addition to the bankruptcy bonds in Orange Co., there are so-called Costa Bonds (after State Sen. Jim Costa), which are used to fund local infrastructure projects. Both the O.C. and Costa bonds are repaid through an intercept program in the Controller's office. Before the locals get all their VLF money, funds are taken off the top by the Controller to repay the bondholders...

...In order to market bonds (any bonds – city, county or State), bonds must be insured – otherwise they're essentially junk and no one will buy them. If the Davis plan were enacted – and the VLF backfill cancelled – Calpeek sources are fairly certain there would be many defaults. Who would pay off the bondholders? The bond insurance companies, to the tune of billions of dollars. What legal recourse the bond insurance companies have against local or State government is unclear, but be assured it would amount to a full employment act for attorneys...

...But Gov. Davis realizes he doesn't have the votes to kill off the VLF backfill – just too much pressure from local government. And he probably also realizes if had succeeded in his plan to kill the backfill, State and local governments would have found it almost impossible to market bonds, because without bond insurance, bonds can't be marketed. Davis has thus thrown in the towel...

...FYI: As Calpeek went to press, the Assembly Demos were locked in a game of chicken with not only with Gov. Davis, but the GOP lawmakers as well. The Demos have passed a bill to make deep cuts in social programs and education, but it is linked to a deal to hike the VLF fees back to what they were in 1998, before the reductions began. This would boost revenues by \$4 billion per year. Gov. Davis is opposed to a VLF increase, but it's unclear where Demos in the State Senate stand. The way Assembly Speaker Herb Wesson's bill is written, it would prevent the GOP from launching a referendum to overturn this action. But at this point, a Davis veto is likely – IF the bill gets to his desk – and that's a big IF. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Feb. 20	DNC meeting – Hyatt on the Hill, Wash. DC
Feb. 21-23	CA Republican Party state convention, Hyatt Hotel, Sacramento.
Feb. 21-24	Nat'l Assn. of Secretaries of State, winter meeting, Wash. DC
Mar. 4	L.A. muni election.
Mar. 14-16	CA Democratic Party state convention, Sacramento.
Mar. 27	6 th annual L.A. Political Roast, Beverly Hilton Hotel, 6 p.m. cocktails, 7 p.m. dinner.

THE BATTLE OVER THE CALIF. GOP CHAIR'S JOB NOW SPREADS TO THE VICE CHAIR CANDIDATES.

Editor's note: When the feuding over who would replace Shawn Steel as the next chair of the Calif. Republican Party (CRP) started late last year, few believed the fighting would spread much beyond chair candidates Bill Back and Duf Sundheim. But it has AND now the two chief candidates for CRP vice chair have taken sides and feuding is really getting vicious. The CRP convention is set for Feb. 21-23 in Sacramento. Here's our update & analysis...

... Seems that highly controversial and now infamous email newsletter sent out by current CRP Vice Chair Bill Back in 1999 (containing an article written by Bill Lind – stating that the U.S. would have been better off had the South won the Civil War) just won't disappear. This soap opera fiasco for the CA Republican Party stuck its ugly head up once again at the most recent CRP Board meeting Jan. 22nd...

... In case you're not aware of it, the CRP Board meetings are conducted over the phone via conference call. There were 20 people on line, with 13 needed for a quorum. Item #VIII was titled, The Bill Back Controversy. You can guess where this is going. CRP So. Calif. Vice Chair Lois Godfrey, who is now running for CRP vice chair against CRP 2nd Asst. Sec. Mario Rodriguez, moved that the CRP formally censure No. Calif. Vice Chair Randy Ridgel and Bill Back “for a series of statements and letters which were bigoted and personally insulting to CRP Secretary Shannon Reeves (who is Black) – and that Ridgel and Back stop public comments.” Just a guess, but Calpeek would bet Godfrey is a Sundheim supporter...

... Whether Godfrey was acting on behalf of CRP Chair Steel isn't clear, but obviously Steel was getting some pay back. But no sooner had CRP Tres. Doug Boyd seconded Godfrey's motion than 8 CRP Directors hung up the phone, thus killing off the quorum. Those who stayed on the line included Godfrey, Steel, Boyd, immediate past CRP Chair John McGraw, Reeves, RNC Nat'l Cmtman Tim Morgan, Senate GOP Leader Jim Brulte, CRP Asst. Sec. Gloria Hom plus 3 other regional vice chairs & Barbara Stidham, pres. of the CRP County Chair's Assn...

... Those who hung up included Back, Randy Ridgel, Barbara Alby (RNC Nat'l Cmtwoman); CRP Finance Chair Tom Stephenson, Budget/Expenditure Chair Andy Ludwick, + 1 regional vice chair, CRP operations cmt. member Gerald Parsky AND Rodriguez – Godfrey's rival. Again, just a guess, but Rodriguez is probably a Back supporter...

CAMPAIGN 2003: NAME ID VS. MONEY IN BATTLE FOR LOS ANGELES' 12TH COUNCIL DISTRICT SEAT.

Editor's note: L.A. Councilman Hal Bernson has been elected 6 times, but is now *termed out*. Serving with Bernson the entire 24 years has been his chief deputy Greig Smith, who would like to replace Bernson. The Mar. 4th L.A. muni primary will likely end in a runoff because Smith has 3 solid rivals. Here's our update & analysis...

...Many, but not all insiders, think this is Smith's race to win or lose. Of the four serious rivals in this battle to replace Bernson, Smith has the biggest war chest – he's approaching \$330,000. And Smith's list of endorsements is impressive: the L.A. Police Protective League, ALADS, COPS, the CA Reserve Peace Officers Assn., SEIU Local #347, the Central City Assn. and L.A. Council Pres. Alex Padilla + four current council members AND Bernson. Does Bernson help or hurt Smith? Most sources think he's a plus. The one thing that Smith doesn't have is instant name ID. Yes, he's known to the S.F. Valley activists and homeowner groups, but to large blocs of voters he's still not well known. However, that will change once the direct mail kicks in. Smith is already up on cable tv...

...The two rivals with much better name ID are LAUSD Bd. member Julie Korenstein – a liberal Demo; and Paula Boland – a conservative GOPer who is a former Assemblymember and who finished first in her race to become a councilmember – had Prop. F (SFV cityhood) been approved...

...Korenstein jumped into this race at the last minute and thus she's only raised about \$50,000 – including a big loan to herself (\$25,000). In her last election to the school board, UTLA kicked in about \$300,000. Sources don't think that kind of UTLA money will be there this time. And even though Korenstein won the L.A. Co. COPE (labor) endorsement, there won't be much there either. COPE is putting its resources into the 10th (Ludlow) & 14th (Villa-raigosa). Korenstein won the endorsement of the L.A. Co. Demo Central Cmt., but lost the Demo Party of the San Fernando Valley endorsement to Rob Vinson. Some think Korenstein is a slam dunk to make the runoff, perhaps even finish 1st in the primary. Others think the 16-year LAUSD member doesn't have the smarts to make it. Example: she recently called p/a exec Harvey Englander to ask for a contribution. "Reading is fundamental for school board members too," Englander told Calpeek. Englander is a lobbyist for BFI, the firm which hauls waste to the controversial Sunshine Landfill. It's a very hot issue in the 12th district...

...Of the 4 serious rivals, Boland's low in terms of fund-raising – around \$25,000, but she's been on the ballot as much as Korenstein. Her main battle cry is anti-city hall and anti-LAUSD. She won't let Korenstein off the hook on schools. The L.A. Daily News likes Boland, but there has been no endorsement as yet...

...Vinson is perhaps the most interesting. He's an attorney and developer. Although he goes after Smith, his real target in the primary is Korenstein, because they're both going for Demo base voters. In addition to DPSFV, he's been endorsed by State Sen. Richard Alarcon and Demo Assemblyman Lloyd Levine + BOE Member John Chiang. Those are solid endorsements for the 12th district. He has raised about \$50,000 thus far, but if pressed could tap into his own funds to help out. Vinson's got *deep pockets* and at this point is doing much better than either Korenstein or Boland. Stay tuned...

BUSH AT WAR: DOES IRAQ POSE SERIOUS THREAT?

Editor's note: Although Pres. George W. Bush has yet to fully disclose the specific reasons why the U.S. should go to war against Iraq, in his State of the Union address Jan. 28th, the President said Iraqi leader Saddam Hussein poses an immediate danger to the world – not just to the U.S. Here's our analysis & commentary...

...The specifics – based on intelligence reports – will be disclosed Feb. 5th when Sec. of State Colin Powell goes before the UN Security Council to make the U.S. case that Iraq is in material breach of the various UN resolutions ordering Iraq to get rid of its weapons of mass destruction (WMD). Pres. Bush's case for going to war was boosted by UN Chief Weapons Inspector Hans Blix. The day before the State of the Union, Blix reported to the UN Security Council that Iraq "appears not to have come to genuine acceptance of the disarmament that was demanded of it."...

...Regardless, U.S. public opinion is still not totally supportive of a U.S.-led war without UN approval or without a multi-national coalition which, as of today, includes the U.S., U.K., at least 10 European nations, a handful of Arab countries, perhaps Turkey, plus Israel (silent partner). But the key to winning the American public support is UN backing – which the U.S. doesn't have as yet. And it's this part of war puzzle which has U.S. Sen. Dianne Feinstein (D-CA) expressing some concerns...

...While DiFi voted to give the Pres. Bush authority to use force, it was with the understanding that the UN would be involved. And DiFi wants the UN inspectors to stay on the job. "I fear that a unilateral attack by the U.S. will

bring about the very events that we are trying to prevent. I believe that with arms inspectors on the ground, Iraq is essentially contained, and we should work with our allies to keep the pressure on Hussein – but we should not launch a unilateral, pre-emptive attack on Iraq at this time.”...

... The other side of the coin is that Iraq, if it does possess WMD, could give these weapons to terrorists – who would not hesitate to use them against the U.S. or our allies. As for *unilateralism*, sometimes it's necessary to go it alone and forget about world public opinion. Case in point: 1981 when Israel bombed/destroyed an Iraqi nuclear power plant under construction. Most of Europe, the U.S. and the UN condemned Israel. Ten years later everyone was thanking Israel. Can you image what the Persian Gulf War of '91 would have been like if Iraq had had nukes???

...FYI: a group of 4 Southern Calif. women are on their way to Baghdad – part of a U.S. coalition of women under the umbrella name of *CodePINK – Women's Pre-Emptive Strike for Peace*. Santa Monica-based campaign consultant Kelly Hayes-Raitt is part of this group which will link up with an international coalition in Amsterdam and then fly on to Baghdad via Jordan. During the 10-day trip the women hope to meet with UN weapons inspectors, visit hospitals & orphanages, and dialogue with Iraqi women. The group returns to the U.S. Feb. 9th. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ ***Robles & His Council Allies Recalled*** – South Gate Tres. Albert Robles and his 3 council allies, Mayor Xochilt Ruvalcaba, Vice Mayor Raul Moriel and Councilwoman Maria Benavides, were given the boot by more than 80% in each case in a special Jan. 28th recall election. In Robles' recall, he got only 1,237 votes vs. 6,499 in favor of recall. Rudy Navarro was elected in his place. The overall voter turnout was close to 29%. Recall supporters accused the Robles coalition of fiscal mismanagement and corruption. Even though Robles was recalled, his name might still be on the March 4th muni election in South Gate...

■ ***Public Funding of Sports Facilities*** – Assembly Speaker Herb Wesson(D-L.A.) has created a Select Cmt. on Professional Sports – which freshman Mark Ridley-Thomas of L.A. will chair. The aim of this select panel is to look at potential economic benefits of bringing an NFL football franchise back to L.A. Ridley-Thomas will hold hearings in S.F., Oakland, San Diego & L.A. After all the testimony, there will be a decision on whether the

State should provide tax incentives to lure the NFL back to L.A. GOP Assemblyman Keith Richman of Northridge and L.A. Councilman Jack Weiss both say essentially the same thing: any stadium deal has to stand on its own financially without public funding...

■ ***Campbell Elected to O.C. Bd. of Supes*** – Former Assemblyman Bill Campbell(R) has been elected to the Orange Co. Bd. of Supervisors – 3rd District, replacing new Assemblyman Todd Spitzer(R). Campbell got 74.8% of the votes cast – with only a 12.5% voter turnout. Of course this election, in which Campbell spent \$270,000, is still under a legal cloud and Campbell might get bounced if the courts rule that Prop. V approved by voters last November is *unconstitutional*. Prop. V allows a vote to fill a vacancy on the Board of Supes – instead of having the governor fill the vacancy with an appointment...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We have a ton of these announcements...

- Paul Hubler is the new project mgr./community relations for the Alameda Corridor-East Construction Authority. He was deputy COS to U.S. Rep. Adam Schiff...
- Gov. Davis has named San Diego Co. Sheriff Bill Kolender to the State Board of Corrections...
- Roger Salazar has joined Porter Novelli's Sacto office as a Sr. counselor. Salazar had been chief spokesperson for Gov. Davis' reelection campaign...
- L.A. Council Pres. Alex Padilla has named Councilmember Eric Garcetti as Asst. Pres. Pro Tempore of the L.A. City Council...

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